

Message Text

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71

ACTION ARA-20

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FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 2103

INFO AMEMBASSY GUATEMALA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSY SAN JOSE

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E. O. 11652: N/A

TAGS: EGEN, NU

SUBJECT: HIGH LEVEL CACM MEETING

GUATEMALA FOR ROCAP

REF: GUATEMALA 3532

BEGIN SUMMARY: CACM MINISTERS OF ECONOMY AND FINANCE PLUS CENTRAL BANK PRESIDENTS HELD A SERIES OF HIGH LEVEL MEETINGS IN MANAGUA JULY 23-26. MOST SIGNIFICANT ACTIONS WERE: EXTENSION OF PROTOCOL OF SAN JOSE FOR FIVE YEARS; POSTPONEMENT FOR TWO YEARS OF THE EXPIRATION OF CERTAIN INCENTIVES FOR CACM INDUSTRIES; INSTALLATION OF HIGH LEVEL COMMITTEE TO RESTRUCTURE CACM AND POSITIVE BUT LIMITED PARTICIPATION OF HONDURAS. ACTION ON MANY AGENDA ITEMS WAS DEFERRED FOR FURTHER STUDY. END SUMMARY.

1. HIGHLIGHT OF CACM HIGH LEVEL MEETING FROM NICARAGUAN VIEWPOINT WAS DECISION TO EXTEND TO 1978
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THE PROVISIONS OF THE 1968 PROTOCOL OF SAN JOSE.

EXTENSION WAS STRONGLY SUPPORTED BY COSTA RICAN AND NICARAGUAN DELEGATIONS WHILE GUATEMALANS REPORTEDLY TOOK NO POSITION IN THE DISCUSSIONS BUT WENT ALONG WITH MAJORITY VIEW MAKING CLEAR THEY WOULD NOT GO BEYOND 1978. ACCORDING TO NICARAGUAN CENTRAL BANK PRESIDENT ROBERTO INCER, THE EXTENSION RUNS UP TO 1978 BUT COULD BE SUPERSEDED BY A DEFINITIVE RESTRUCTURING OF THE CACM.

2. MINISTERS OF ECONOMY APPROVED THE POSTPONEMENT FOR TWO YEARS OF THE EXPIRATION OF FISCAL INCENTIVES FOR MANUFACTURING FIRMS DURING WHICH TIME THEY HOPE TO REVISE CUSTOMS SCHEDULEF AND ESTABLISH A NEW INDUSTRIAL DEVELOPMENT POLICY. IN HIS REMARKS INAUGURATING THE

MEETINGS, GENERAL SOMOZA MADE CLEAR NICARAGUA'S VIEW THAT INDUSTRIES WHICH HAVE BENEFITED FROM FISCAL INCENTIVES IN THE PAST MUST PREPARE THEMSELVES TO "CONTRIBUTE FOR THE BENEFITS WHICH INTEGRATION HAS PROVIDED THEM" IN THE FUTURE.

3. THE MINISTERS OF ECONOMY ALSO AUTHORIZED THE VICE MINISTERS FOR ECONOMIC INTEGRATION TO "CONTINUE THEIR WORK" ON THE 1973-1975 PLAN OF ACTION WHICH PROPOSED, AMONG OTHER THINGS, THE CREATION OF A CACM PURCHASING COMMISSION TO BUY GRAINS AND PETROLEUM FOR ALL FIVE COUNTRIES. A MEMBER OF THE NICARAGUAN DELEGATION COMMENTED TO AN EMBOFF THAT THIS LATTER PROPOSAL WAS EXPECTED "TO BE STUDIED TO DEATH."

4. THE HIGH LEVEL COMMITTEE TO RESTRUCTURE CACM WAS FORMALLY INVESTED AT THE MEETING. MEMBERS ARE: ALFONSO ALONSO LIMA, GUATEMALA; LUIZ BUITRAGO, EL SALVADOR; ROBERTO PERSOMO PARDES, HONDURAS; JORGE ZELEDON ROSALES, NICARAGUA; AND RUDOLFO SOLANO ORFILA, COSTA RICA. THE COMMITTEE REPORTEDLY WAS NOT GIVEN FIRM TERMS OF REFERENCE BUT REQUESTED TO DEVELOP PROPOSED GUIDELINES AND TIME TABLES FOR SUBMISSION IN SEPTEMBER TO THE MINISTERS.

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5. LOCAL OFFICIALS AND PRESS COMMENTED FAVORABLY ON THE PRESENCE AND PARTICIPATION OF THE HONDURAN DELEGATION AT THE MEETING. IN HIS OPENING STATEMENT, HONDURAN MINISTER OF ECONOMY ABRAHAM BENNATON AFFIRMED THAT HONDURAS WILL RESUME FULL, MULTILATERAL PARTICIPATION IN THE CACM "ONLY WHEN A GLOBAL AND SIMULTANEOUS SOLUTION TO THE DIVERSE PROBLEMS DERIVED FROM THE EVENTS OF 1969 HAS BEEN FOUND.". NONETHELESS, HE REITERATED

HONDURAS' "SINCERE DISPOSITION" TO WORK TOWARD
INTEGRATION AND PARTICIPATION FULLY IN THE HIGH LEVEL
COMMITTEE WHICH, HE SAID, "SHOULD BECOME THE MOTOR
OF IDEAS TO GENERATE FORCES FOR A NEW SCHEME OF INTEGRATED
DEVELOPMENT."

6. AT MEETING OF CABEI BOARD OF GOVERNORS, ACTION WAS
DEFERRED ON STAFF PROPOSAL FOR \$1 BILLION INVESTMENT
PLAN FOR 1973-1980. ACCORDING TO ROBERTO INCER, CABEI
HAS BEEN ASKED TO PRESENT REVISED PLAN AT SEPTEMBER 6
MEETING OF GOVERNORS IN SAN SALVADOR.

7. COMMENT: WHILE THE MANAGUA MEETING DOES NOT APPEAR
TO HAVE ESTABLISHED LANDMARKS ON THE ROAD TO FULL
NORMALIZATION OF CACM OPERATIONS, LOCAL OFFICIALS
VIEW IT AS A SMALL BUT POSITIVE STEP FORWARD.
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